

**ASSEMBLY BILL**

**No. 29**

**Introduced by Assembly Members Kehoe and Shelley  
(Coauthors: Assembly Members Cedillo, Nakano, and Wesson)**

February 5, 2001

An act to add Chapter 5.3 (commencing with Section 25425) to Division 15 of the Public Resources Code, and to add Section 17053.95 to the Revenue and Taxation Code, relating to energy conservation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 29, as introduced, Kehoe. Energy conservation.

(1) The existing Warren-Alquist State Energy Resources Conservation and Development Act requires the State Energy Resources Conservation and Development Commission to perform specified duties relating to the conservation and development of energy resources.

This bill would require the commission to pay the costs of installation of an interval meter to a small business that voluntarily reduces its electric consumption.

This bill would require the commission to administer a grant program for the replacement of energy inefficient appliances. The bill would require the commission to cooperate with state agencies and local community-based organizations to open exchange centers that will assist in the pickup of an old appliance and will certify to the commission that the energy inefficient model was or will be destroyed or dismantled in an environmentally sound manner.

The bill would authorize the commission to adopt emergency regulations.

The bill would also require the commission to administer a grant and loan program for eligible construction or retrofit projects, as defined.

(2) The Personal Income Tax Law authorizes various credits against the taxes imposed by that law.

This bill would provide a credit for a small business for taxable years beginning on or after January 1, 2002, in an amount equal to 30% of the cost of replacing a commercial refrigeration unit with a more energy-efficient model. The bill would provide that if the credit exceeds the “net tax,” the excess may be carried over to reduce the “net tax” in the following 4 years.

(3) The bill would appropriate \$375,000,000 from the General Fund to the commission to carry out the above conservation programs.

(4) The bill would declare that it is to take effect immediately as an urgency statute.

Vote: <sup>2</sup>/<sub>3</sub>. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Chapter 5.3 (commencing with Section 25425)  
2 is added to Division 15 of the Public Resources Code, to read:

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4 CHAPTER 5.3. ENERGY CONSERVATION ACT OF 2001

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6 Article 1. General Provisions

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8 25425. This chapter shall be known, and may be cited, as the  
9 Energy Conservation Act of 2001.

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11 Article 2. Business Conservation Incentive Plan

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13 25426. It is the intent of the Legislature in enacting this article  
14 to encourage small businesses to reduce their energy consumption,  
15 thereby saving themselves substantial sums of money and making  
16 more electricity available for further expansion of commercial  
17 enterprises in this state.

18 25427. As used in this article, the following terms have the  
19 following meanings:

1 (a) “Interval meter” means a device that measures electricity  
2 usage in real time.

3 (b) “Small business” means any small business as defined in  
4 paragraph (1) of subdivision (d) of Section 14837 of the  
5 Government Code.

6 25428. (a) The commission shall reimburse each small  
7 business for the cost of installation up to eight hundred dollars  
8 (\$800) of an interval meter if the business reduces its electricity  
9 usage by not less than 10 percent for one year compared to the  
10 usage during the preceding 12 months.

11 (b) For the purposes of this section, “cost of installation”  
12 includes labor and equipment charges imposed by an entity  
13 defined in subdivision (d) of Section 9604 of the Public Utilities  
14 Code or a publicly owned utility that provides electricity.

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16 Article 3. Loans and Grants for Energy Efficiency  
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18 25430. (a) The Legislature finds and declares that California  
19 is in the midst of an energy crisis that requires both an increase in  
20 the supply of energy and a reduction in demand.

21 (b) It is the intent of the Legislature to establish a  
22 state-sponsored conservation effort to assist California’s families  
23 to participate in a solution to the energy crisis by replacing energy  
24 inefficient models of appliances and by retrofitting homes and  
25 workplaces to reduce energy consumption. These conservation  
26 investments are vitally important for California’s long-term  
27 well-being.

28 (c) It is also the intent of the Legislature to establish  
29 state-sponsored incentives in the form of grants and loans to small  
30 businesses, developers, and residential property owners for  
31 constructing and retrofitting buildings to be more energy efficient  
32 by using design elements, including, but not necessarily limited to,  
33 energy-efficient siding, higher rated insulation, and double-paned  
34 windows.

35 (d) The energy conservation program established under this  
36 article is intended to be in addition to, rather than to supplant, any  
37 other existing program.

38 25431. (a) The commission shall administer a grant program  
39 for qualified individuals for the replacement of energy inefficient

1 appliances, as provided in subdivision (c), with energy-efficient  
2 models.

3 (b) Any person of low income, as defined in Section 50093 of  
4 the Health and Safety Code, is eligible for a grant under the  
5 program established under this section. Eligible persons shall also  
6 include very low income Section 8 voucher recipients, as defined  
7 in Section 50105 of the Health and Safety Code, public housing  
8 authorities, and private nonprofit low income housing  
9 corporations.

10 (c) A grant shall be equal to 50 percent of the actual cost of the  
11 energy-efficient model of the appliance not to exceed the  
12 following amounts:

13 (1) Two hundred dollars (\$200) for a room air-conditioner, as  
14 defined in subdivision (b) of Section 1601 of Title 20 of the  
15 California Code of Regulations.

16 (2) Six hundred dollars (\$600) for a central air-conditioning  
17 heat pump or other central air-conditioner, as described in  
18 subdivision (c) of Section 1601 of Title 20 of the California Code  
19 of Regulations.

20 (3) Four hundred dollars (\$400) for a refrigerator or  
21 refrigerator freezer, as described in subdivision (a) of Section 1601  
22 of Title 20 of the California Code of Regulations.

23 (4) Four hundred dollars (\$400) for a clothes washing machine.  
24 (d) The amount of the grant received by the grant recipient shall  
25 not be reduced pro rata by any other assistance received by the  
26 grant recipient for the purchase of an energy-efficient appliance to  
27 replace an energy inefficient model. However, the cumulative  
28 grant shall not exceed 100 percent of the actual cost of the  
29 appliance.

30 (e) The commission shall cooperate with state agencies and  
31 local community-based organizations to open exchange centers.  
32 The staff operating the exchange centers shall do both of the  
33 following:

34 (1) Assist in the pickup of an old appliance.

35 (2) Certify to the commission that the energy inefficient model  
36 was or will be destroyed or dismantled in an environmentally  
37 sound manner.

38 (f) The commission may contract with an appropriate entity to  
39 implement and administer this article.

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Article 4. Home Building Standards Grant and Loan Program

25433. The guidelines developed by the commission pursuant to Section 25495 shall be utilized by the commission for the purpose of determining eligibility for the construction or retrofit projects in Section 25434.

25434. (a) (1) A small business or person of low income may apply to the commission to receive a grant for an eligible construction or retrofit project.

(2) The amount of a grant for an eligible construction or retrofit project shall not exceed \_\_\_\_\_ dollars (\$\_\_\_\_\_).

(3) A grant shall be made only for an eligible construction or retrofit project that will be as energy-efficient as a project that utilizes the standards developed pursuant to Section 25495.

(4) The amount of the grant received by the grant recipient shall be reduced pro rata by any other assistance received by the grant recipient for the eligible construction or retrofit project.

(b) (1) A developer of housing for the persons described in subdivision (b) of Section 25431, any residential homeowner or homebuyer, or small business, may apply for a 2 percent low-interest loan for an eligible construction or retrofit project.

(2) The amount of a loan for an eligible construction or retrofit project shall not exceed \_\_\_\_\_ dollars (\$\_\_\_\_\_).

(3) A loan shall be made only for an eligible construction or retrofit project that will be as energy efficient as a project that utilizes the standards developed pursuant to Section 25495.

(c) For purposes of this article, the following terms have the following meanings:

(1) “Eligible construction or retrofit project” means a new or retrofit construction project for a building owned or to be owned by a small business or a residence owned or to be owned by a homeowner that complies with the guidelines developed by the commission pursuant to Section 25495.

(2) “Person of low income” means a person of low income as defined in Section 50093 of the Health and Safety Code.

(3) “Small business” means a small business as defined in paragraph (1) of subdivision (d) of Section 14837 of the Government Code.

1 Article 5. Small Business Refrigeration Tax Credit

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3 25435. The commission shall administer the small business  
4 refrigeration tax credit, as provided for in Section 17053.95 of the  
5 Revenue and Taxation Code.

6  
7 Article 6. Miscellaneous

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9 25436. (1) The commission shall adopt regulations for  
10 purposes of this chapter as emergency regulations in accordance  
11 with Chapter 3.5 (commencing with Section 11349) of Part 1 of  
12 Division 3 of Title 2 of the Government Code. For purposes of that  
13 chapter of the Government Code, including Section 11349.6 of the  
14 Government Code, the adoption of the regulations shall be  
15 considered by the Office of Administrative Law to be necessary  
16 for the immediate preservation of the public peace, health and  
17 safety, and general welfare.

18 (2) To the extent possible, the commission shall use existing  
19 energy efficiency appliance standards.

20 SEC. 2. Section 17053.95 is added to the Revenue and  
21 Taxation Code, to read:

22 17053.95. (a) For each taxable year beginning on or after  
23 January 1, 2002, there shall be allowed as a credit against the “net  
24 tax,” as defined in Section 17039, a credit for a small business  
25 equal to 30 percent of the cost paid or incurred during the taxable  
26 year for replacing a commercial refrigeration unit with a more  
27 energy-efficient model, not to exceed two thousand dollars  
28 (\$2,000).

29 (b) “Small business” means a small business as defined in  
30 paragraph (1) of subdivision (d) of Section 14837 of the  
31 Government Code.

32 (c) In the case where the credit allowed by this section exceeds  
33 the “net tax,” the excess may be carried over to reduce the “net  
34 tax” in the following year, and the succeeding four years if  
35 necessary, until the credit is exhausted.

36 SEC. 3. The sum of three hundred seventy-five million  
37 dollars (\$375,000,000) is hereby appropriated from the General  
38 Fund to the State Energy Resources Conservation and  
39 Development Commission for allocation in accordance with the  
40 following schedule:

(a) Fifty million dollars (\$50,000,000) shall be expended for the consumer-based program that fosters the development of emerging renewable technologies in distributed generation applications, as described in paragraph (1) of subdivision (d) of Section 383.5 of the Public Utilities Code. At least twenty-five million dollars (\$25,000,000) of this amount shall be allocated by the commission for photovoltaic technologies, as described in subparagraph (C) of paragraph (2) of subdivision (d) of Section 383.5 of the Public Utilities Code and the remainder shall be allocated by the commission for solar thermal electric, fuel cell technologies that utilize renewable fuels, and wind turbines of not more than 10 kilowatts rated electrical capacity per customer site as described in that subparagraph.

(b) Two hundred million dollars (\$200,000,000) shall be expended in accordance with Section 25431 of the Public Resources Code, for a grant program for qualified individuals for the replacement of energy inefficient appliances.

(c) One hundred million dollars (\$100,000,000) shall be expended in accordance with Section 25434 of the Public Resources Code, for a loan or a grant for an eligible construction or retrofit project.

(d) Twenty-five million dollars (\$25,000,000) shall be expended for the Business Conservation Incentive Plan provided for in Article 2 (commencing with Section 25426) of Chapter 5.3 of Division 15 of the Public Resources Code.

SEC. 4. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to implement energy conservation programs to address the energy crisis of the winter of 2001 as soon as possible, it is necessary that this act take effect immediately.

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